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EXTRAORDINARY

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GOVERNMENT OF PUNJAB

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

(Housing -2 Branch)

NOTIFICATION

The 10th August, 2021

No. 17/02/2021-5Hg2/996.-As Real Estate Sector has suffered due to economic downturn caused by COVID-19 and now with its 2nd wave coupled with high interest rates, reduced demand and liquidity issues ensuing from it, Governor of Punjab is pleased to notify following policy to facilitate/help salvage real estate projects:

1. **Scope and Applicability:** This policy is applicable only to existing/ongoing projects licensed under PAPRA and Mega Projects in all development authorities, provides an alternative to existing plan of payments, to the promoters.
2. **Schedule of Payment:** Promoters opting for this scheme shall pay EMIs starting from 20.09.2021.
3. **EMI calculation**
 - a) **Component 1:** Present value (PV_1) of all amounts due upto 31.08.2021 will be determined @ compounded rate of 13% p.a. This will also include amount against which action has been initiated under Negotiable Instrument Act, 1881. Monthly installments (MI_1) of PV_1 to be paid on 20th of every month shall be calculated at 10% p.a. rate of interest.
 - b) **Component 2:** Present value (PV_2) of installments due after 31.08.2021 will be discounted at same rate on which these installments were prepared/rescheduled. Monthly installments (MI_2) to be paid on 20th of every month shall be calculated at same rate of interest.
 - c) **Total EMI:** Sum of EMIs ($MI_1 + MI_2$) for the period determined as per point no.4
4. **Period for payment of EMIs:** As per demand notices issued against a project, the weighted average of amount and period shall be taken into consideration to calculate the period. Formula for computation of Determination of Period is as below:

Demand Notice	Time period after 31.08.2021 (in months)	Present Value as on 31.08.2021
1	P_1	V_1
2	P_2	V_2
3	P_3	V_3
4	P_4	V_4

$$\text{Computation of period (P)} = \frac{P_1 \times V_1 + P_2 \times V_2 + P_3 \times V_3 + P_4 \times V_4}{V_1 + V_2 + V_3 + V_4}$$

Installment period = P+18 months or 36 months whichever is more

5. Cases under Negotiable Instrument Act, 1881: Any cases pending in court of law under Negotiable Instruments Act will be considered for withdrawal upon receipt of payment of 2 (two) EMIs or amount for which case was initiated whichever is less. For projects, against which PV_1 (Point 3(a)) is not zero, may be considered for NDC after receipt of payment of 2 EMIs or PV_1 whichever is less.

6. Conditions for developers:

- Option to pay EMI, will be subject to a developer giving PDCs, along with mortgaging of properties of equivalent value or giving bank guarantee of equivalent value (equivalent value means sum of all EMIs) or undertaking that he will hypothecate properties/ submit bank guarantee of equivalent value within 6 months otherwise his already hypothecated property may be auctioned but in this undertaking hypothecated properties value shall not be less than total dues as on 31/08/2021 and 6 months interest.
- In case a developer defaults in payment of PDCs criminal proceedings will be initiated in the court of law.
- Developer will give undertaking that in case of default of 3 (three) consecutive EMIs, concerned Development Authority may in addition to above, resume without further notice any one or more of its properties mortgaged with the authority and auction it on as is where is basis, with the collector rate as the reserve price and condition of full down payment by the buyer to the concerned Development Authority, for recovery of amount in default.
- Any excess payments so received i.e. (sale receipts – dues as on date with interest @ 13% – expenditure incurred on sale) will be adjusted against future payments.
- Those interested may apply by 31st August, 2021. EMIs will be calculated with 31st August, 2021 as the reference date and 1st EMI will be payable on 20th September, 2021.
- In case of expansion or revision of Layout, the Dues will be loaded in the above EMIs schedule.
- Promoter may apply for de-hypothecation in case mortgaged property value is more than the dues and for processing purpose, application date shall be considered as reference for calculation of dues and evaluation of mortgaged property.

This is issued with the approval of Hon'ble Chief Minister.

SARVJIT SINGH, IAS,

Principal Secretary, Govt of Punjab,

Department of Housing and Urban Development.

Chandigarh

The 10th August, 2021